

Dear Friend,

As a fellow citizen of Lake County, I am well aware of the severity of the problems facing some property owners. Nothing is more important to me than finding solutions for those in crisis.

I am committed to ensuring that all homeowners are able to remain in their homes and that the viability of our community is not damaged by the 2002 reassessment. I will be working closely with local government officials, state officials, and each of you in an effort to find solutions to these complex problems.

In this brochure, you will find information explaining the unique circumstances of the property tax reassessment in Lake County and why certain actions were thought to be necessary. I hope it is helpful in responding to some of your concerns.

If I can provide you with further assistance, please feel free to contact me.

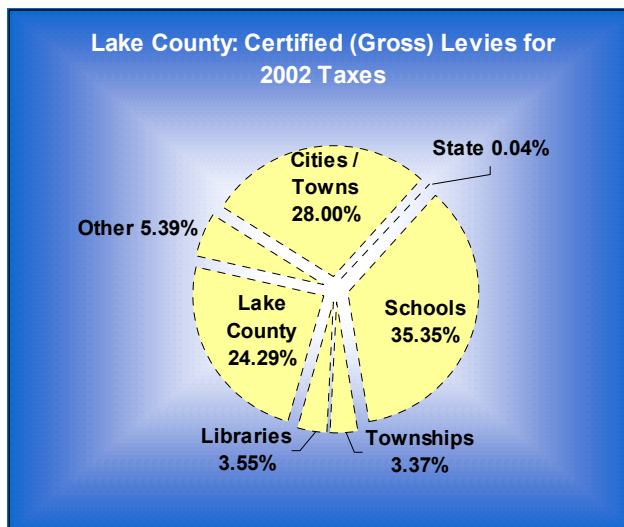
Sincerely,

Earline Rogers

As reported by the Northwest Indiana Times, “Everyone should be assessed fairly. That’s a requirement under the Indiana Constitution.” - May 6, 2004

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Where do property taxes go ?



In 2002, Lake County property tax revenues were distributed to :

Local Schools	35.35%
Cities and Towns	28.00%
Lake Co. Government	24.29%
Public Libraries	3.55%
Townships	3.37%
Other	5.39%
The State of Indiana	0.04%



Lake County Property Taxes

Setting the record straight . . .

Two bills enacted by the General Assembly have come to the forefront of the debate on property taxes in Lake County.

Enclosed you will find details about what legislators set out to accomplish with the passage of HEA 1902 and HEA 1858.

Provided by:

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HEA 1902

The Study

In 1997, the State Board of Tax Commissioners engaged the Indiana University School of Public and Environmental Affairs to conduct an analysis of assessment practices in Lake County’s 11 township assessor offices.

Finding

Calumet Township and North Township are the two most highly staffed and budgeted offices, yet they have two of the least accurate assessments in Indiana.

Result

In 2001 the State Legislature, under HEA 1902, required the Indiana Department of Local Government Finance to perform the 2002 court-ordered reassessment for Lake County. This was due to persistent under-assessment and inconsistent values among similarly situated properties.

Benefits to Taxpayers

It is important to note that HEA 1902 also allowed local governments to use gaming revenue to reduce property tax levies and created an income tax circuit breaker to target relief to low-income homeowners.

As reported by the Northwest Indiana Times, “...had the assessments been fair in the first place, none of this would have happened.” - May 6, 2004

As reported by the Gary Post Tribune, “*HB 1858 actually will result in lower tax bills for Lake County residents. The impact of that legislation will be felt on the 2003 taxes payable in 2004.*” - Jan. 27, 2004

HEA 1858

- ▶ Despite what you may have been told, HEA 1858 had **no** impact on the disputed 2002-PAY-2003 tax bills.
- ▶ Beginning with 2004 taxes, US Steel will begin paying **more** in personal property taxes on their machinery and equipment than they are currently paying, adding an estimated \$268 million to the tax rolls.
- ▶ Based on a tax rate of \$9 per \$100 of valuation, US Steel would pay approximately \$24 million **more** in personal property taxes for 2004 taxes under HEA 1858.
- ▶ Some local officials maintain that steel companies may have paid more without HEA 1858. This is pure speculation, and the possibility remained that the court battles would have continued for years.

Real Property Valuations

The 2002 real property (land only) values of US Steel are not affected by HEA 1858. However, there appears to be problems with these new land valuations.

I am closely monitoring this situation and will act to ensure that the real property of US Steel has been accurately assessed.

How has the Legislature minimized the effect of the court-ordered reassessment on taxpayers?

HEA 1001, passed during the 2002 special session:

- ♦ Increased the Homestead or Standard Deduction from \$6,000 to \$35,000.
- ♦ Assumed a much greater share of school funding through replacement of 60% of all general fund levies.
- ♦ Doubled the Homestead Credit from 10% to 20%.
- ♦ Maintained the 20% Property Tax Replacement Credit.
- ♦ *Tax bills in Lake County are 43% lower on average than they would have been had the Legislature not taken these actions.*

SEA 296, enacted this year, increased deductions for:

- ♦ Elderly, blind or disabled homeowners.
- ♦ Disabled veterans.
- ♦ WWI veterans and their surviving spouses.
- ♦ Low assessed value rehabilitated properties.
- ♦ Historic rehabilitated properties.

Two related study commissions were created in 2004 under **HEA 1005**:

- ♦ The Property Tax Replacement Commission is studying how Indiana can reduce its reliance on property taxes and identifying alternative revenue sources.
- ♦ The Local Government Efficiency and Financing Study Commission is studying local government financing, structure and methods of providing efficient services, as well as proposals to merge and consolidate municipal corporations, sharing of services, creation of local charter governments and efforts of other states for such reforms.

LOOKING AHEAD, WHAT ARE SOME POSSIBLE SOLUTIONS?

There are a myriad of programs and practices available for reducing the burden of property taxes. Chief among property tax relief programs used in other states are:

Property Tax Deferral Programs

These programs allow homeowners, primarily elderly and disabled, to postpone payment of all or a portion of their taxes until the sale of their property or death. Twenty-four states and the District of Columbia allow some form of deferred payment.

Caps or Limits

Many states have established various kinds of caps, limits or freezes on assessed property values, property tax rates, or total property taxes.

Circuit Breaker Programs

Income based circuit breaker programs protect low income families. These programs are designed to deliver tax relief when certain thresholds or characteristics are met. Over 30 states offer such programs.

For more information on property taxes and other legislative issues, please visit my website at www.in.gov/s3